

# Overview Proposed 2011 General Government Operating Budget

Assembly Work Session  
October 1, 2010

MAYOR DAN SULLIVAN

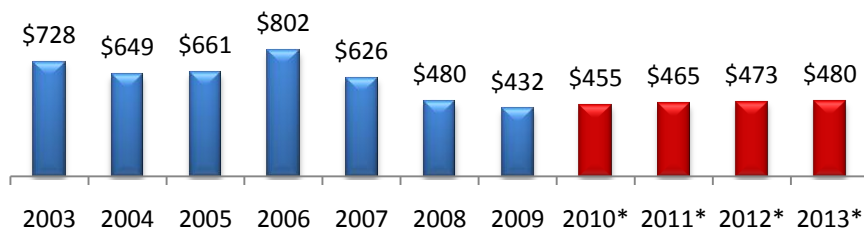


Municipality of Anchorage

# Six Year Plan: Economic Foundation

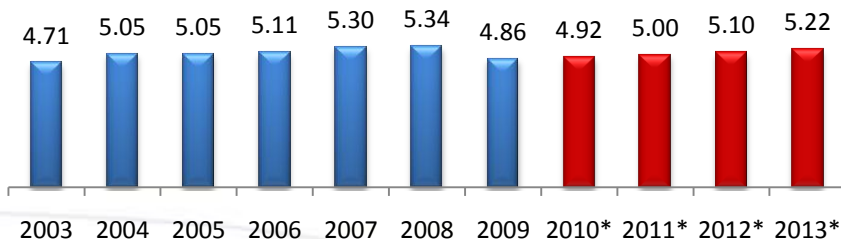
## Slow, steady recovery

**Anchorage Building Permit Values,  
2003-2013 (\$ Millions)**



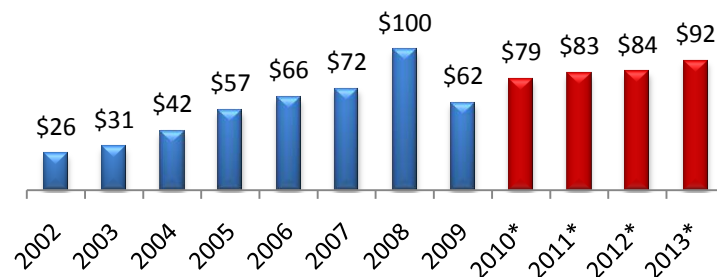
\* Estimated Source: Municipality of Anchorage, 2003-2009; McDowell Group estimates, 2010-2013.

**Anchorage Airport Passenger  
Volume 2003-2013 (Millions)**



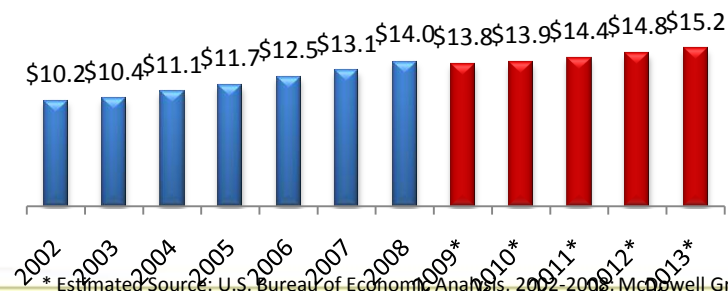
\* Estimated Source: Anchorage International Airport, 2003-2009; McDowell Group estimates, 2010-2013.

**Average WTI Crude Oil Prices,  
2002-2013 (\$ Per Barrel)**



\* Estimated Source: U.S. Energy Information Administration.

**Anchorage Personal Income  
2002-2013 (\$ Billions)**



\* Estimated Source: U.S. Bureau of Economic Analysis, 2002-2008; McDowell Group estimates, 2009-2013.

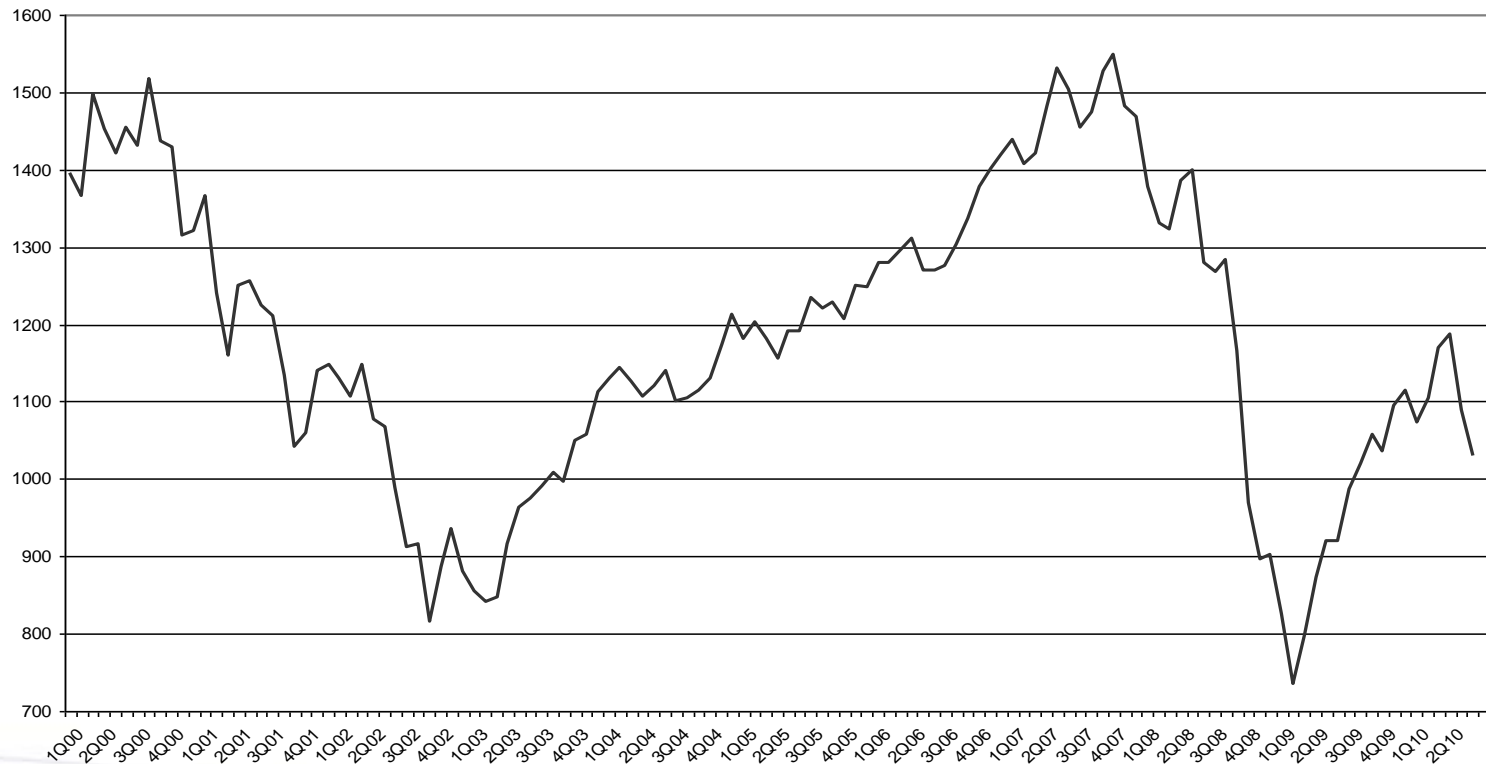


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# Six Year Plan: Continued Market Volatility

**MOA Trust Fund (730)**  
**Domestic Equity Benchmark**  
**S&P 500 Month End Values**

As of June 30, 2010

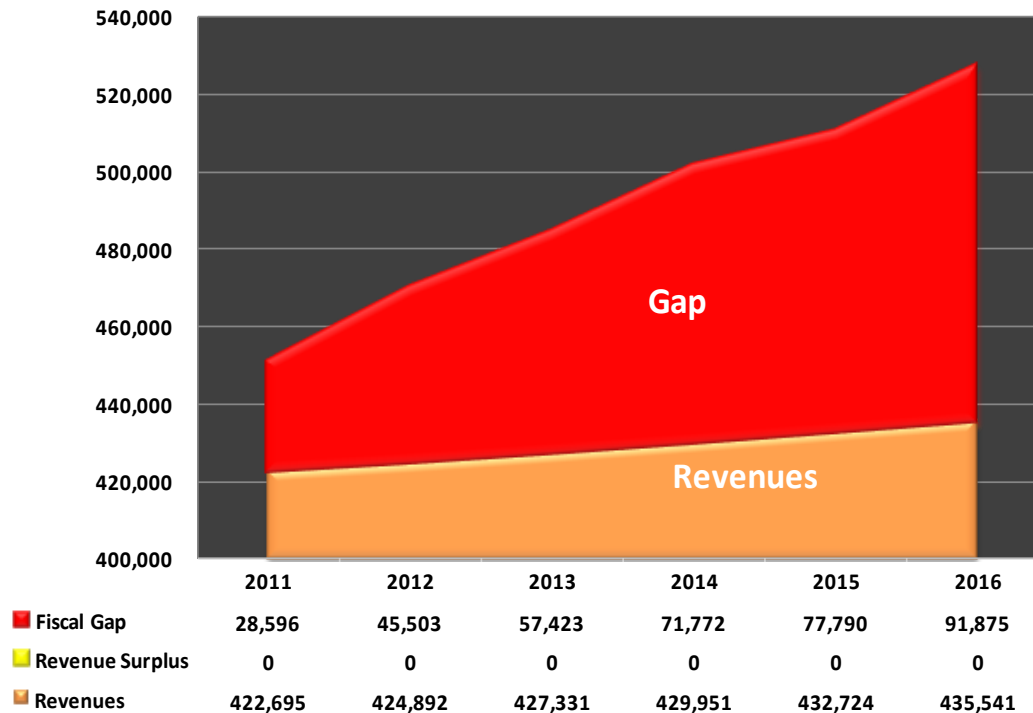


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# 2011 – Six Year Fiscal Outlook

## Continuation Budget; Flat Property Taxes

### "Do Nothing" Scenario - Continuation Budget



### Revenues:

- Property taxes **flat with 2010**

- SOA revenue sharing continues at \$15 million/year

- Program revenues increase gradually 1 to 3%

### Expenses:

- Personnel increases: 3% to 4% (current union agreements)

- New Debt : \$35 million in 2011, ~\$30 million 2012 to 2016

- Police & Fire Retirement contribution remains at \$8.6 million

- Inflation: gradual increase from 2% to 3%

☐ **NO SAVINGS**



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# 2011 – Six Year Fiscal Outlook Mayor's Plan

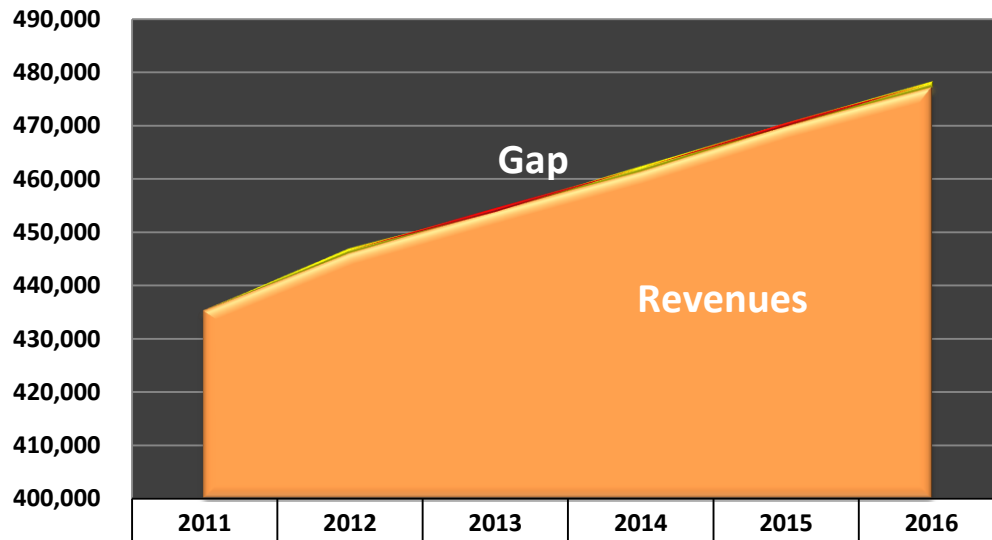
## Revenues:

- Property taxes **1.5% increase**
- SOA revenue sharing continues at \$15 million/year
- New Revenue of \$6 million
- Program revenues increase gradually 1 to 3%

## Expenses:

- Labor increases: 3% to 4% (current union agreements)
- New Debt : \$35 million in 2011, ~\$30 million 2012 to 2016
- Police & Fire Retirement contribution remains at \$8.6 million
- Inflation: gradual increase from 2% to 3%

☐ **Reductions from \$10 to \$35 million annually**



	2011	2012	2013	2014	2015	2016
Fiscal Gap	0	0	237	0	166	0
Revenue Surplus	0	389	0	479	0	568
Revenues	435,217	446,182	453,902	461,387	469,884	477,144

Efficiencies/Reductions  
000's

\$10,000   \$17,000   \$25,000   \$25,000   \$35,000



Municipality of Anchorage

# Developing 2011 Budget: “Continuation Level”

2011		
2010	Continuation	Difference
<b>\$ 421,425,248</b>	<b>\$ 450,021,178</b>	<b>\$ 28,595,930</b>

- \$16.5 million increase in salary and benefits
- \$14.6 million increase in debt service



# Salary, Benefit Cost Increases

## Recurring, Cumulative Increases

Organization	2010 Cost	2011 Wage Increase	2011 Benefit Increase	Total Increase	2011 Total Cost	# of Budgeted Employees	% Change
AMEA	34,600,668	1,041,764	1,439,823	2,481,587	37,082,255	469	7%
Police	60,178,614	2,259,645	3,026,438	5,286,083	65,464,697	514	9%
Fire	46,695,763	1,450,362	2,016,063	3,466,425	50,162,188	352	7%
IBEW	7,115,788	272,354	265,044	537,398	7,653,186	60	8%
IBEW - Mechanics	2,949,174	73,226	93,951	167,177	3,116,351	31	6%
Local 71 - Laborers	3,166,458	336,379	126,300	462,679	3,629,137	126	15%
Operating Engineers	8,392,469	296,554	330,454	627,008	9,019,477	100	7%
Plumbers & Pipefitters	2,073,165	34,036	61,345	95,381	2,168,546	17	5%
Teamsters	7,774,893	274,775	358,996	633,771	8,408,664	93	8%
Sub-Total	172,946,992	6,039,095	7,718,414	13,757,509	186,704,501	1,762	8%
Non-Represented	43,480,648	610,782	1,329,784	1,940,566	45,421,214	393	4%
Executives	13,401,113	327,388	454,625	782,013	14,183,126	122	6%
<b>Total</b>	<b>229,828,753</b>	<b>6,977,265</b>	<b>9,502,823</b>	<b>16,480,088</b>	<b>246,308,841</b>	<b>2,277</b>	<b>7%</b>



# 2011 Continuation Revenue

- \$15.5M in additional property taxes IF tax to cap
- \$7M in other revenue
- Still \$6.1M short

**Increased costs exceed expected revenue even with 7% property tax increase.**





Anchorage doesn't have a  
revenue problem.

structural  
It has a spending problem.



# Choices & Trade-Offs Required

- Community Budget Dialogues
  - Avoid cuts
  - Make efficiency gains
  - Only then (and only if necessary) increase taxes
  - If tax increases are necessary, do not support increasing property tax
    - But open to other taxes
- Served as one input to Mayor's decision-making



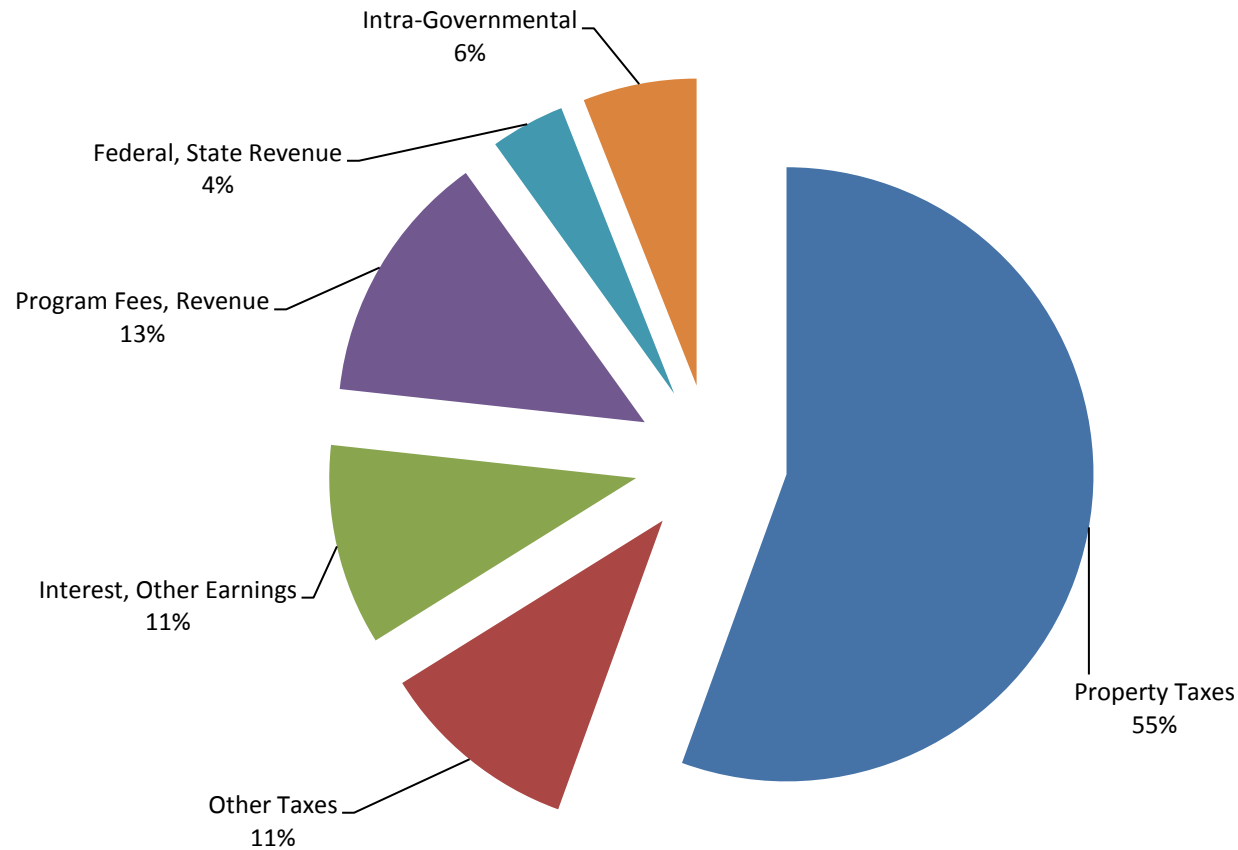
# Proposed 2011 Budget

*in thou\$and\$*

	<b>2010</b>	<b>2011</b>	<b>Difference</b>	<b>% Change</b>
Expenditures	\$ 421.4	\$ 435.2	\$ 13.8	
Revenue				
Property taxes	\$ 237.3	\$ 241.1	\$ 3.8	1.6%
Other Sources	\$ 155.7	\$ 164.3	\$ 8.6	5.5%
IGCs	\$ 25.9	\$ 26.1	\$ 0.2	0.8%
Pgm Generated fund balance	\$ 2.6	\$ 3.7	\$ 1.1	
<b>Total</b>	<b>\$ 421.5</b>	<b>\$ 435.2</b>	<b>\$ 13.7</b>	<b>3.3%</b>



# 2011 Proposed Revenue



# 2011 Revenue Increases

- \$3.8M (1.6%) property tax increase
  - \$2.3M voter-approved O&M, service area decisions
  - \$36.00 annual cost per average home (\$300,000 assessed valuation)
- \$2.6M non-property tax increase, which includes:
  - \$1.9M Room Tax increase
  - \$210k Aircraft Registration from rate increase
  - \$400k Motor Vehicle Registration
- \$6M other sources, which includes:
  - \$1.7M fee, fine increases
  - \$1.4M ASD for SRO
  - \$1.3M court fine revenue
  - \$1M “Build America” bond subsidy

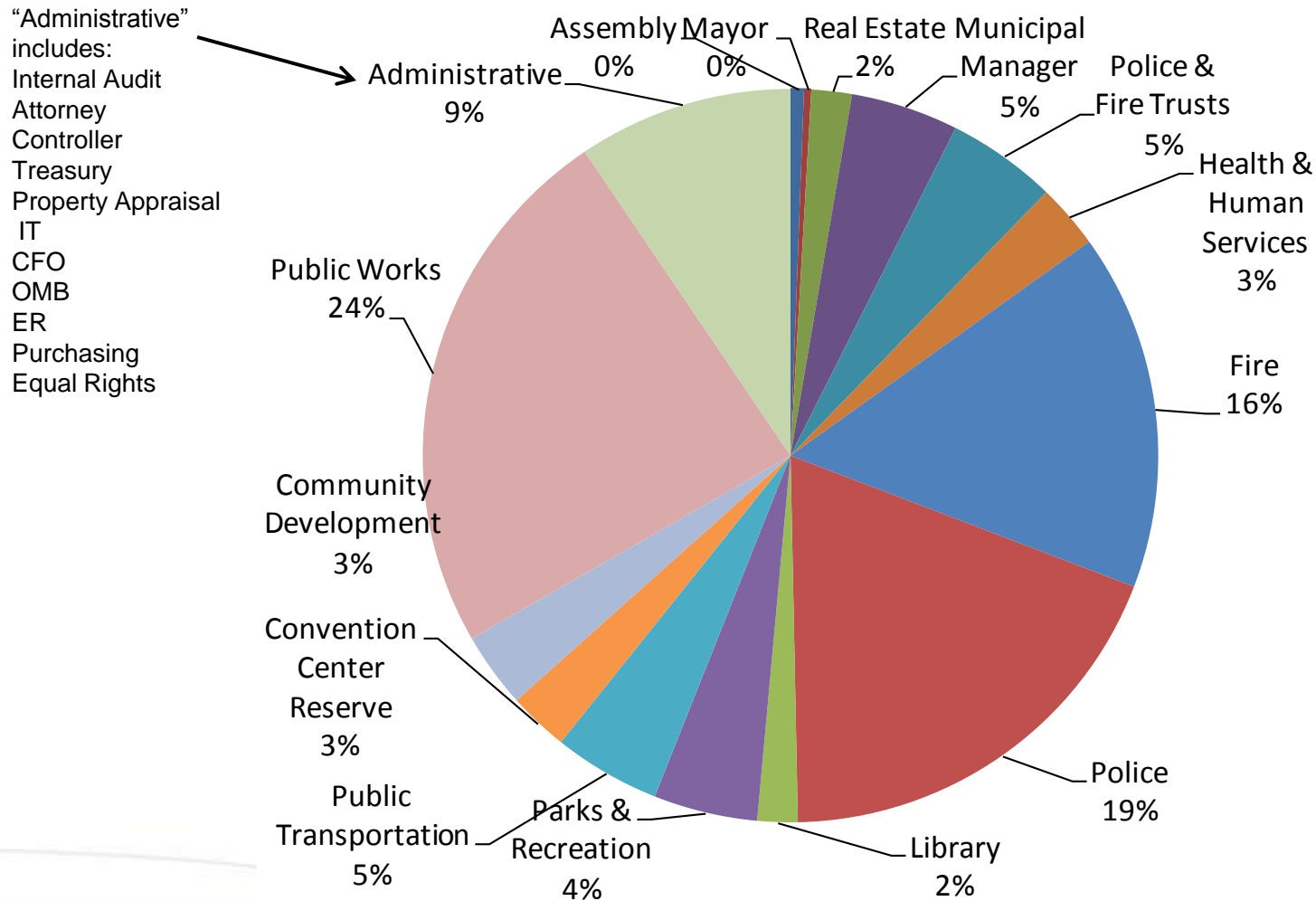


# Impact on Taxpayers

2011 Maximum Property Taxes Allowed:	\$	236,780,986
Service Areas:	\$	15,747,722
<b>2011 Maximum Can Be Collected</b>	<b>\$</b>	<b><u>252,528,708</u></b>
 Mayor's Budget Under 2011 Tax Cap:	 \$	 (11,439,478)
Amount Under in 2010:	\$	(8,186,311)
<b>Total Taxpayer Savings 2010 and 2011:</b>	<b>\$</b>	<b>(19,625,789)</b>



# 2011 Proposed Spending



# Dividing Up the Budget “Pie”

Police, Fire	40%
Public Works, Community Development	32%
Parks, Library, Transit, DHHS	14%
Administrative Operations	9%
Municipal Manager	5%
Assembly, Mayor	Lost in rounding

**Magnitude of recurring increases meant every “slice” of the pie had to be examined.  
No department could be off limits.**





# Choices & Trade-Offs

- All departments participated in reductions
- 110 positions deleted due to budget reductions:
  - 56 vacant positions
  - 54 filled positions
    - Some positions move to grants, capital projects



# 2011 Budget Detail Additions

- Achieved goal of transparency
  - Detailed department and division expenditure information
- Achieve goal of accountability
  - “Performance. Value. Results (PVR)” frameworks, performance measures, and data
  - Updates throughout year on [www.muni.org](http://www.muni.org)



# Transparency: Prior Year Division Budget Detail

## Anchorage Fire Department

### Emergency Operations Division

Division Expenditures by Category	2008 Actuals	2009 Revised	2010 Proposed	FY 10 v 09 % Chg
Salaries and Benefits	\$ 47,013,415	\$ 46,941,026	\$ 48,977,389	4.3%
Supplies	1,258,924	1,235,550	916,400	-25.8%
Travel	95,025	67,750	10,000	-85.2%
Contractual/Other Services	7,263,375	6,762,900	7,638,637	12.9%
Equipment, Furnishings	221,786	344,750	273,500	-20.7%
Debt Service/Depreciation	5,123,962	4,397,228	4,488,216	2.1%
<b>Total Direct Cost</b>	<b>\$ 60,976,487</b>	<b>\$ 59,749,204</b>	<b>\$ 62,304,142</b>	<b>4.3%</b>

Division Personnel Summary	2008 Revised			2009 Revised			2010 Proposed		
	FT	PT	T	FT	PT	T	FT	PT	T
AFD Communications	21			21			20		
Fire Marshall	13			13			10	1	
Operations Management	13			14			13	1	
Anchorage Fire & Rescue	245			238			237		
Emergency Medical Services	67			64			66		
AFD Training Center	12			13			4		
<b>Total Personnel</b>	<b>371</b>			<b>363</b>			<b>350</b>	<b>2</b>	



# Previous Accountability Reports to Citizens

None since 2004



# **Example: 2011 PVR Fire Department Emergency Operations Division**

## **Purpose**

- Improve outcome for sick, injured, trapped and endangered victims

## **Direct Services**

- Fielding 9-1-1 emergency calls and dispatching emergency medical resources
- First response basic life support
- Advanced life support response and transportation to hospitals

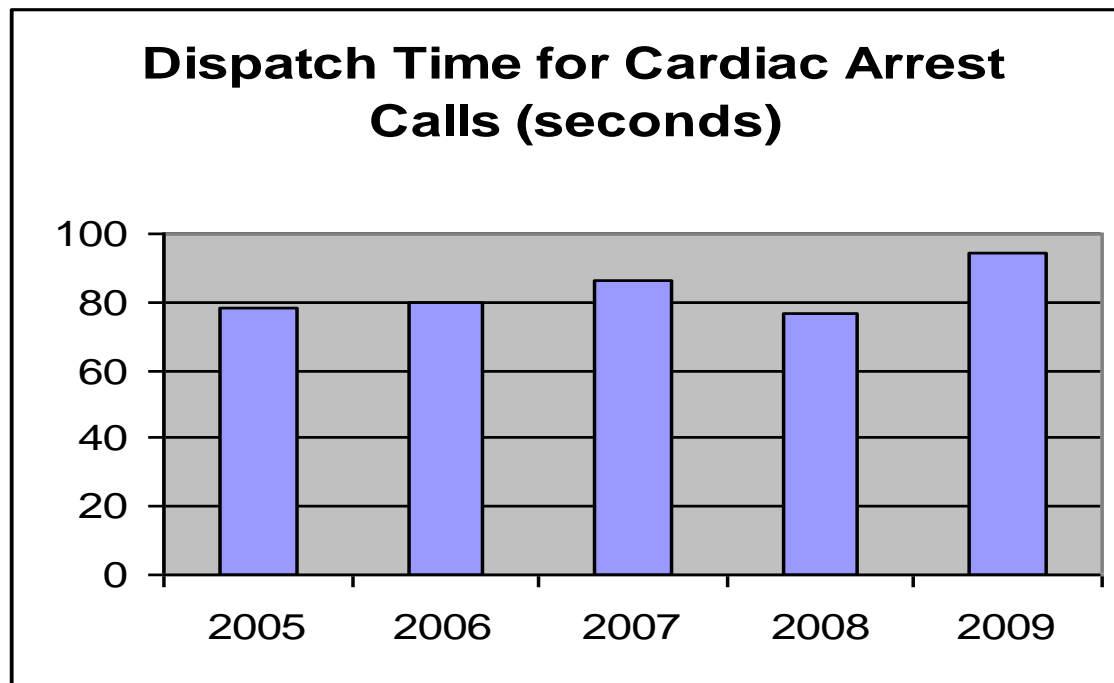
## **Accomplishment Goal**

- Maintain ranking as one of the highest cardiac arrest survival rates in the nation

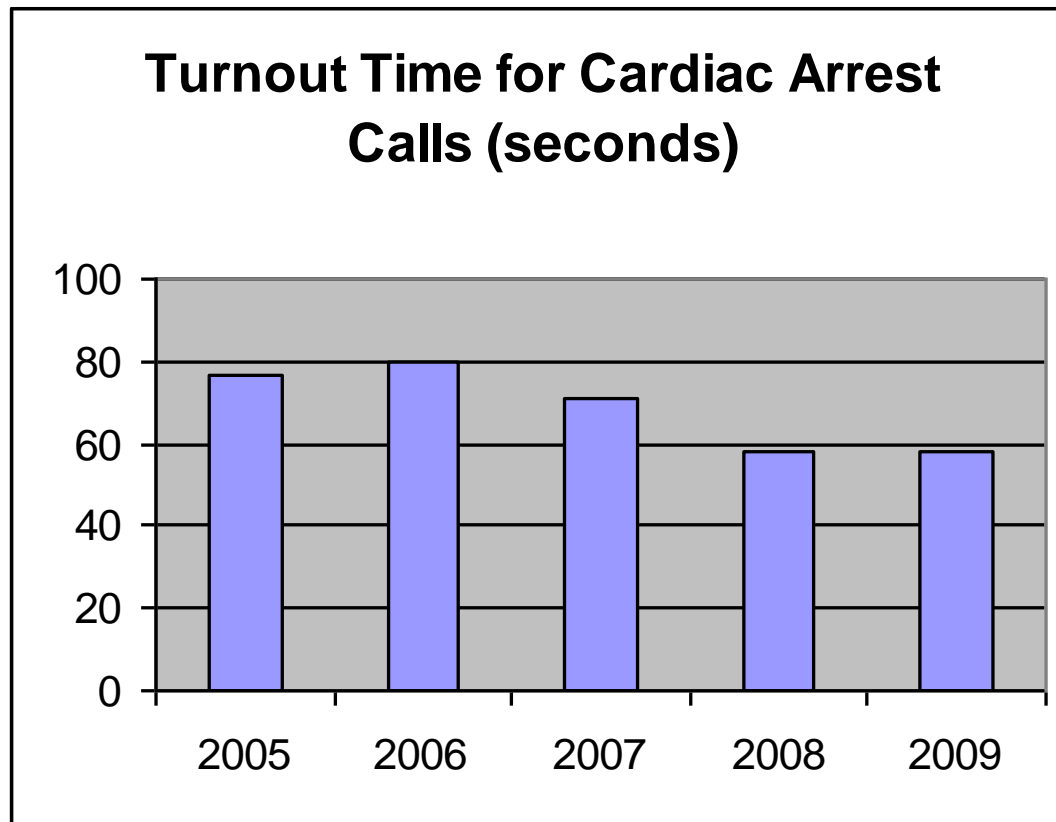


# Report Progress Toward Goal

**Measure: Emergency call dispatch time for cardiac arrest calls**



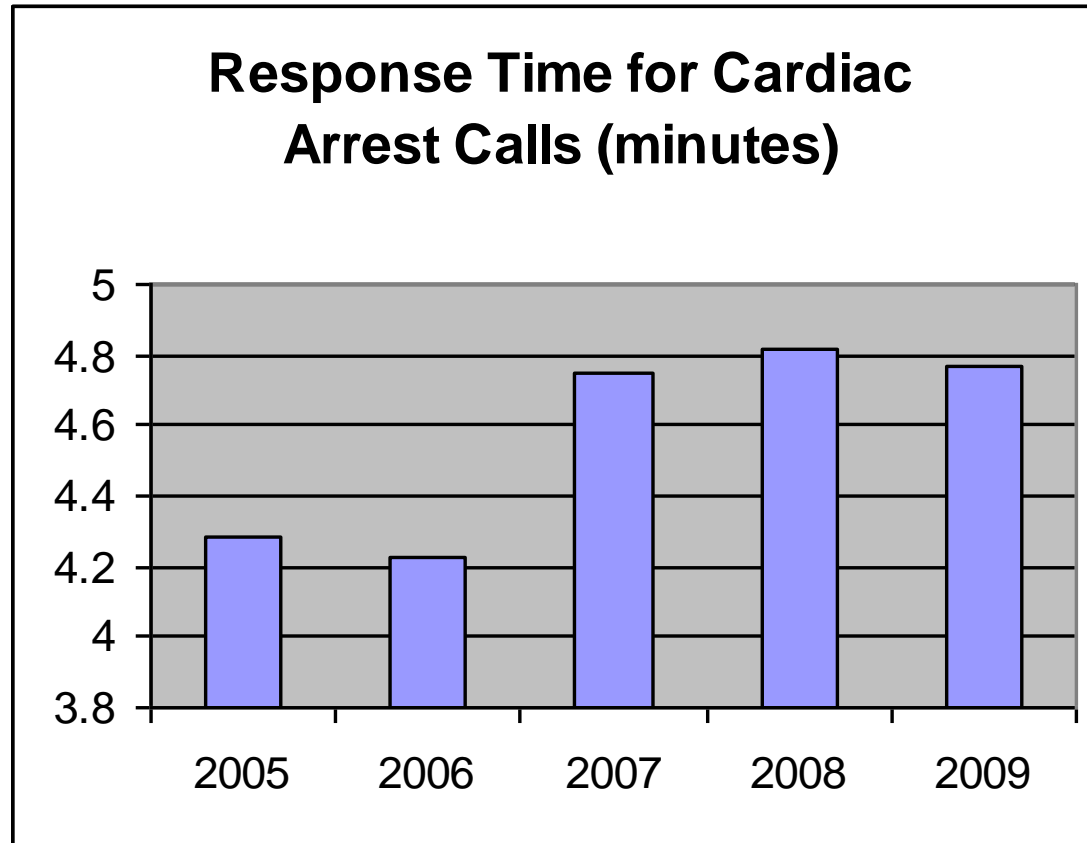
## Measure: Turnout time for cardiac arrest calls



Note: Response times improved due a change in the way turnout and response times were measured. This also explains an apparent corresponding increase in response time.



## Measure: Response time to cardiac arrest calls





# **[www.muni.org](http://www.muni.org)**

- Budget book details
- PVR
  - Frameworks, measures, data
  - Details re: data collection
- Six Year Fiscal Plan
  - Integrated into budget book
- Citizen's Guide to the Budget



# Next Steps

- Work sessions
  - October 22
  - November 5
  - November 12 (tentative)
  - November 19
  - December 3 (amendments)
- Public Hearings
  - October 26
  - November 9
  - November 23
- Questions, information requests
  - Submit to OMB

